also TELRIC Order at 1. In accordance with the BPU's order, Verizon filed revised cost studies on December 3rd and December 10th. See Garzillo/Prosini Decl. ¶ 24.

Upon revising these inputs, the BPU established a statewide average unbundled loop rate of $9.52, which is approximately 41 percent below the rate established in the Generic Order. See id. ¶ 22; see also TELRIC Order at 6. The BPU also established new unbundled switching rates. See Garzillo/Prosini Decl. ¶ 23. Based on its own analysis, the BPU estimated that these rates, when combined with the unbundled loop rate, would result in a statewide average UNE-Platform rate of $13.93, which is approximately 41 percent below the platform rate established in the Generic Order. See November 20, 2001 Transcript at 20-21. But as noted above, the BPU ordered Verizon to re-run its switching model with the new inputs modified by the BPU, and to provide the new switching rates that result from this analysis. See Garzillo/Prosini Decl. ¶ 24; see also TELRIC Order at 1. This analysis, which Verizon completed and submitted to the BPU, results in a rate for unbundled platforms of $12.89, which is approximately one dollar lower than what the BPU had initially estimated. See Garzillo/Prosini Decl. ¶ 24.

c. The New Jersey Rates for Unbundled Network Elements Are Within the Range That a Reasonable Application of TELRIC Would Produce.

As described above, the New Jersey BPU has found that Verizon's wholesale rates comply fully with the Act and the Commission's rules. Under the Commission's well-settled precedent, this should be the end of the inquiry. The Commission "will not conduct a *de novo* review of a state's pricing determinations and will reject an application only if 'basic TELRIC principles are violated or the state commission makes clear errors in factual findings on matters so substantial that the end result falls outside the range that the reasonable application of TELRIC principles would produce.'" Kansas/Oklahoma Order ¶ 59 (quoting New York Order ¶ 244). The evidence here demonstrates that neither of these two conditions is present here.

First, as described above, the New Jersey BPU applied TELRIC principles in establishing Verizon's rates. With respect to the assumptions regarding each of the inputs used to establish Verizon's rates, the BPU conducted an extensive investigation, and in each instance applied principles that are consistent with what this Commission has found TELRIC-compliant in the past. See Garzillo/Prosini Decl. ¶¶ 27-39; TELRIC Order at 4-9.

Second, the Commission has held that, in making a determination about whether rates in a particular state comply with TELRIC, it "may, in appropriate circumstances, consider rates that we have found to be based on TELRIC principles" in the context of previous section 271 applications. Kansas/Oklahoma Order ¶ 82. If the rates in the State under review are comparable to those in a State that previously was approved, especially where the two States being compared "are adjoining states," id., and have comparable cost structures, id. ¶¶ 83-84, the rates at issue are "entitled to a presumption of compliance with TELRIC," id. ¶ 82 n.244. Moreover, the Commission has held that it will apply this presumption even when "a state commission does not apply TELRIC or does so improperly." Pennsylvania Order ¶ 63; see Arkansas/Missouri Order ¶ 56; see also Pennsylvania Order ¶ 64 (finding that a cost comparison between two states is no "less significant" where "different BOCs served the two states").

The factors for establishing a presumption of compliance are clearly present here: New Jersey and New York are adjoining States; Verizon has similar rate structures for unbundled network elements in both States; and the FCC has already found, on four separate occasions, that Verizon's rates in New York are reasonable. See Garzillo/Prosini Decl. ¶ 45; New York Order ¶ 238; Massachusetts Order ¶ 20; Connecticut Order ¶ 57; Pennsylvania Order ¶ 55. Indeed, the presumption of TELRIC compliance should be especially strong here with respect to the rates for both loops and switching in New Jersey.

The unbundled local loop rates in New Jersey are entitled to a strong presumption of TELRIC compliance because these rates are *lower* than the rates that the Commission found TELRIC-compliant in New York, even though the Commission's Universal Service Fund ("USF") cost model shows that the costs in New Jersey are *higher* than the costs in New York. See Garzillo/Prosini Decl. ¶¶ 42-43; Pennsylvania Order ¶ 65 ("[O]ur USF cost model provides a reasonable basis for comparing cost differences between states."); Kansas/Oklahoma Order ¶ 84 (same). For example, the statewide approved rate in New Jersey is approximately 34 percent lower than the statewide approved rate in New York, even though the costs in New Jersey are approximately 6 percent higher than the costs in New York. See Garzillo/Prosini ¶ 43. As the Commission has held, where, as here, "the percentage difference between the applicant state's rates and the benchmark state's rates does not exceed the percentage difference between the applicant state's costs and the benchmark state's cost, as predicted by the USF model, *then we will find that the applicant has met its burden to show that its rates are TELRIC-compliant.*" Pennsylvania Order ¶ 65 (emphasis added).

The New Jersey switching rates are likewise entitled to a strong presumption of TELRIC compliance. The statewide weighted average local switching rate in New Jersey is approximately 14 percent lower than the equivalent rate in New York, even though the costs in New Jersey are approximately 12 percent higher than the costs in New York. See Garzillo/Prosini Decl. ¶ 44. Accordingly, "the percentage difference between the applicant state's rates and the benchmark state's rates does not exceed the percentage difference between the applicant state's costs and the benchmark state's costs." Pennsylvania Order ¶ 65. Verizon therefore has "met its burden to show that its rates are TELRIC-compliant." Id.

Despite all this, the long distance incumbents are likely to repeat the arguments they made in the State proceedings that, because Verizon's UNE rates are brand new, Verizon should not be permitted to enter the long distance market. This argument is, of course, merely an attempt to obscure the fact that these parties cannot legitimately claim that the underlying rates themselves fail to comply with the Act. Indeed, in the most recent briefs submitted to the BPU in connection with Verizon's section 271 filing, no CLEC even argued that the new BPU-established rates somehow fell outside a range that reasonable application of TELRIC would produce.

In any event, the claim that Verizon's rates are somehow too new is contrary to well-settled Commission precedent and must be rejected. The Commission has held that a Bell company "is not required to actually furnish a particular item to satisfy its obligations under the checklist; rather, it must show that it has a concrete and specific legal obligation to furnish the item upon request and is 'presently ready' to furnish the item." New York Order ¶ 136; see also id. ¶ 52; Texas Order ¶¶ 340-341. The Commission also has concluded that "the statute does not require that a BOC demonstrate that it has been in compliance with section 271 for some period of time before it files a section 271 application." Kansas/Oklahoma Order ¶ 27. Applying these standards here, it is clear that Verizon satisfies the requirements of the Act.

First, Verizon has a "concrete and specific legal obligation" to provide the rates at issue here. The New Jersey BPU's December 17th TELRIC order requires Verizon to adopt the new TELRIC rates "effective as of the date of this Order." TELRIC Order at 1. It is beyond dispute that an order from a state commission creates a "concrete and specific legal obligation."[96]

[96] It is accordingly of no consequence that the BPU may, sometime in the future, issue an even more detailed pricing order. The existing order is what requires Verizon to adopt new rates immediately, and therefore creates a "concrete and specific" legal obligation.

Moreover, as the Commission has held, the ultimate question under the Act is whether "the end result falls outside the range that the reasonable application of TELRIC principles would produce." New York Order ¶ 244. Here, because the final rates established by the BPU clearly do fall within the range that an application of TELRIC would produce, there is no need for even greater detail illuminating the particulars of how the BPU reached that end result. See id. ("[W]e will not reject an application because isolated factual findings by a commission might be different from what we might have found").

Second, Verizon's new rates became effective on December 17, 2001. See Garzillo/Prosini Decl. ¶ 25. From that date forward, the UNEs purchased by competitors will have been charged at the new UNE rates. Accordingly, there is no basis to claim that Verizon's long distance entry should be delayed to see whether the rates "work" or not. With rates, unlike with certain complex systems and processes, there is nothing that needs to be "tested." Indeed, the claim — made by AT&T and others — that the rates here cannot be considered TELRIC-compliant unless and until they attract additional competitive entry is nothing more than an attempt to recast the argument that the Commission should "adopt a market share or other similar test for BOC entry into long distance," which the Commission repeatedly has held it has "no intention of establishing." Pennsylvania Order ¶ 126; see also Massachusetts Order ¶ 235; New York Order ¶ 427; see also id. (Congress "condition[ed] approval solely on whether the applicant has opened the door for local entry through full checklist compliance, not on whether competing LECs actually take advantage of the opportunity to enter the market").

Finally, the long distance incumbents will likely rehash their argument that it is inappropriate to benchmark Verizon's New Jersey rates against those in New York, because the rates in those states are currently under review. As the Commission has repeatedly found, however, the fact that the rates in a "benchmark state" are under review is irrelevant to whether these rates can be used in a TELRIC-rate comparison. For example, in both the Massachusetts Order and the Pennsylvania Order, the Commission relied on a comparison of Verizon's rates in those states to the rates it approved in New York, even though the New York PSC already "had initiated a second UNE rate case." Massachusetts Order ¶ 33; see Pennsylvania Order ¶ 64. As the Commission held: "It would be unreasonable to preclude incumbent LECs from relying on appropriate rates that have been found to be TELRIC-compliant merely because these rates are under some form of challenge or review where there has not been a determination that those rates are not TELRIC-compliant." Massachusetts Order ¶ 31; see also id. ¶ 36 ("[T]he fact that a state may conduct a rate investigation and change the rates in the future does not cause an applicant to fail the checklist item at this time.").

2. Verizon Is Subject to Comprehensive Performance Reporting and Performance Assurance Mechanisms.

Verizon is subject to extensive performance reporting requirements that, like the comparable requirements in New York, Massachusetts, Connecticut, and Pennsylvania, allow competitors and regulators alike to identify and investigate potential problems before they pose a risk to competition. Verizon also is subject to a comprehensive, self-executing performance assurance mechanism that provides still further incentives to provide the best wholesale performance possible.

Performance Measurements. Verizon is subject to comprehensive performance reporting requirements established by the New Jersey BPU. See Guerard/Canny/DeVito Decl. ¶¶ 14-18; see also New York Order ¶¶ 438-439; Massachusetts Order ¶¶ 240, 243; Pennsylvania Order ¶ 131. Under New Jersey Carrier-to-Carrier Guidelines, Verizon reports its monthly performance for more than 200 separate performance measurements. See

Guerard/Canny/DeVito Decl. ¶ 16. These measurements are reported each month on both an aggregate and CLEC-specific basis, and also are further disaggregated by product and service type and by geographic region of New Jersey. See id. ¶ 30. In total, more than 2,000 pieces of performance data are reported each month. See id.

A majority of the measurements used in New Jersey are the same as those in use in Verizon's 271-approved States. See id. ¶ 20. To the extent that differences exist between the New Jersey measurements and the measurements in the other states, they typically are a function of the BPU's decision to include measurements that do not exist in those states, reflect the BPU's decision to adopt slightly different business rules and standards, or, in a number of cases, reflect the fact that the New Jersey measurements have not yet been updated to reflect the latest revisions agreed to in the New York collaborative proceedings and adopted by the New York PSC. See id. ¶¶ 20-23.

The BPU also has adopted standards to measure Verizon's performance.[97] As in Verizon's 271-approved States, where a measurement tracks performance on a service for which the BPU has adopted a retail analogue, the standards in New Jersey compare Verizon's performance for CLECs against Verizon's performance for itself. See Guerard/Canny/DeVito Decl. ¶ 31. Where the BPU did not adopt a retail analog, the measurements compare Verizon's performance against benchmarks adopted by the New Jersey BPU. See id. These benchmarks represent "absolute standards" — rather than minimum performance levels — that provide Verizon with objectives for providing CLECs excellent service. See id.; see also New York

[97] Not all measurements have performance standards; as with Verizon's other section 271 applications, some performance data are reported for diagnostic purposes only. See, e.g., Guerard/Canny/DeVito Decl. ¶ 31.

Order ¶ 55 n.107 (recognizing that "states may choose to set their performance benchmarks at levels higher than what is necessary to meet the statutory nondiscrimination standard").

Verizon's New Jersey performance data also have been validated by independent reviews conducted by KPMG, just as in New York, Massachusetts, and Pennsylvania. See Guerard/Canny/DeVito Decl. ¶¶ 134-139; see also Massachusetts Order ¶ 6; New York Order ¶ 11. KPMG evaluated the procedures and systems Verizon has implemented to measure and report its retail and wholesale performance for the performance measurements in the Guidelines. KPMG concluded, after extensive, military-style testing, that Verizon satisfied each of the 164 test points in the measurement portion of its review. See Guerard/Canny/DeVito Decl. ¶ 134.

As part of this evaluation, KPMG conducted an independent replication of Verizon's reported retail and wholesale performance results for March, April, and May 2001. See Guerard/Canny/DeVito Decl. ¶ 137. KPMG's replication effort covered all of the measurement categories in the Guidelines, for both retail and wholesale performance. Verizon satisfied each of the 32 test points in this portion of KPMG's evaluation. In fact, KPMG was able to replicate each of the many hundreds of measurements that Verizon reports monthly, with only one minor exception. See id.[98] KPMG's ability to replicate successfully nearly every retail and wholesale measurement it reviewed demonstrates the success of Verizon's Quality Assurance Team, which is responsible for reviewing the reported performance results for accuracy and ensuring that the business rules, as defined in the Carrier-to-Carrier Guidelines, have been applied correctly. See Guerard/Canny/DeVito Decl. ¶ 151.

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[98] For one measurement in May 2001, KPMG found that an error led Verizon to overstate the number of observations. After Verizon implemented a change to correct this programming, KPMG reviewed and verified the change and found that Verizon had satisfied this test point. See Guerard/Canny/DeVito Decl. ¶ 137.

Finally, KPMG's review of Verizon's metrics change control practices — the policies and procedures Verizon has implemented to manage changes to the performance standards, measurement definitions, and calculations of performance results — led to the establishment in New Jersey of an enhanced Change Control Notification Process and publication of a Metrics Business Rules document. See Guerard/Canny/DeVito ¶ 141. These provide the New Jersey BPU and CLECs with far more information about the processes Verizon uses to report its performance than Verizon provides in New York, Massachusetts or Connecticut. See id.; see also id. ¶¶ 142-150.

Incentive Plan. Verizon is subject to a self-executing Incentive Plan in New Jersey. Although Verizon initially had proposed a performance assurance plan that mirrored the plans adopted in New York and Massachusetts, the BPU's staff rejected this proposal. See id. ¶ 152. In response, Verizon designed a new plan, which the BPU's staff modified and which became effective November 1, 2001. See id. ¶¶ 24, 152.[99]

Although this Plan has a different structure from the plans in New York, Massachusetts, Connecticut, and Pennsylvania, the Commission has recognized that "[p]lans may vary . . . , and there is no one way to demonstrate assurance." Massachusetts Order ¶ 240. The New Jersey Plan, however, does have many features in common with the plans adopted in the Southwestern Bell Telephone ("SWBT") states, which the Commission has reviewed and approved.

The New Jersey Plan provides "strong assurance that the local market will remain open after [Verizon] receives section 271 authorization." New York Order ¶ 429; see Massachusetts Order ¶ 240; Guerard/Canny/DeVito Decl. ¶ 13. The Plan contains every element that the Commission has previously identified as important, including "clearly-articulated, pre-

[99] Although the BPU, on October 12, 2001, adopted the Incentive Plan that its staff proposed, the BPU has yet to issue a written order. See Guerard/Canny/DeVito Decl. ¶ 152.

determined measures and standards, which encompass a comprehensive range of carrier-to-carrier performance." New York Order ¶ 433. Moreover, KPMG's testing provides more than "reasonable assurances that the reported data is accurate." Id.

Further, as explained below, the Plan is "self-executing," "detect[s] and sanction[s] poor performance when it occurs," and subjects Verizon to "potential liability that provides a meaningful and significant incentive to comply with the designated performance standards." Id. The New Jersey Plan includes more than 270 performance measurements, at a highly disaggregated level. See Guerard/Canny/DeVito Decl. ¶ 154. For example, Verizon's performance in returning order confirmation notices (OR-1-04) is assessed separately for ten different products: four resale products (POTS, 2-wire digital, 2-wire xDSL services, Specials (Other)) and six UNE products (Loop/LNP, 2-wire digital, 2-wire xDSL loop, 2-wire xDSL line sharing, Specials (Other), and POTS-Platform). If Verizon misses the 95 percent on-time benchmark for any one of these products for even one CLEC, Verizon will be required to make remedy payments under the Plan. See id.

Like the plans the Commission has reviewed and approved in the SWBT states, the New Jersey Plan provides for remedy payments on a "per unit" and a "per measurement" basis, with payment amounts increasing based upon the severity of a performance miss and the number of consecutive months a measurement is missed. See Guerard/Canny/DeVito Decl. ¶¶ 158-162; Texas Order ¶ 422.[100] Verizon is deemed to have missed measurements with a parity standard if the difference between Verizon's retail performance and its performance for CLECs is statistically significant. Verizon is deemed to have missed measurements with a benchmark

[100] The amounts at risk, however, are generally the same or greater under the New Jersey Plan as those under the plans in the SWBT States. In addition, the New Jersey Plan includes more than twice the number of performance measurements as the Texas Plan included at the time the Commission approved SWBT's Texas application. See Texas Order ¶ 422.

standard whenever its performance for CLECs is below the benchmark. See Guerard/Canny/DeVito Decl. ¶¶ 156-157.[101] Indeed, the Plan can require Verizon to make remedy payments despite extremely good performance, whether because Verizon misses a 95-percent benchmark by 0.1 percentage points (thereby still providing excellent, 94.9-percent performance) or because a small disparity of 0.1 percentage points is found to be statistically significant. See Guerard/Canny/DeVito Decl. ¶¶ 163, 171-173. Given the vast number of measurements, the majority of which are assessed at a CLEC-specific level, there is a greater than 99.99-percent chance that Verizon will be required to make payments under the Plan even when it is providing CLECs with parity service — therefore, to avoid making remedy payments, Verizon must provide service that is better than parity and that far exceeds the benchmarks. See id. ¶ 163.

The New Jersey Plan also differs from plans in New York, Massachusetts, Connecticut, and the SWBT states, in that it places no cap on payments Verizon can be required to make.[102] As a result, and as one of the BPU commissioners noted in approving the Plan, the New Jersey Plan places an "unprecedented" amount at risk. October 12, 2001 Transcript at 8. Indeed, the

[101] For the vast majority of the measurements included in the Plan, Verizon's performance is assessed at the CLEC level. See Guerard/Canny/DeVito Decl. ¶ 155. Therefore, even if Verizon's performance on a particular measurement is excellent for CLECs overall, it might still miss that measurement for a particular CLEC or CLECs, resulting in payments to those CLECs. See id. For the remaining measurements, Verizon's performance is assessed on an aggregate basis; if Verizon misses such a measurement, it is deemed to have missed that measurement for every CLEC that used the measured service or product during that month. See id.

[102] The Plan does contain a so-called "procedural cap." If the total remedy payments Verizon is required to make in a single month exceeds $25 million, Verizon may request that the New Jersey BPU initiate a proceeding during which Verizon will have the opportunity to demonstrate that it should not have to make remedy payments in excess of $25 million. Pending resolution of that proceeding, however, Verizon must place the remedy payments in excess of $25 million in an interest-bearing escrow account. In addition, the New Jersey BPU may require that Verizon pay CLECs the entire amount held in escrow. See Guerard/Canny/DeVito Decl. ¶ 165.

maximum potential liability under the Plan easily exceeds the proportion of net revenues that the Commission found sufficient in previous orders. See Guerard/Canny/DeVito Decl. ¶¶ 27, 164; New York Order ¶ 436; Texas Order ¶ 424; Massachusetts Order ¶ 241. For example, if Verizon were to miss the same 70 measurements — about one-quarter of the measurements in the Plan — for 40 CLECs each month for a year, Verizon could be required to pay over $234 million in remedy payments, which is equal to 39 percent of its 2000 New Jersey net revenue. See Guerard/Canny/DeVito Decl. ¶ 164 & Att. 5; Massachusetts Order ¶ 241 & n.769 (noting that Massachusetts Plan cap equal to 39 percent of net revenues). This level of potential liability clearly provides Verizon with "a meaningful and significant incentive to comply with the designated performance standards." New York Order ¶ 433; see also Guerard/Canny/DeVito Decl. ¶ 164.

Finally, even aside from its own business interest in providing superior wholesale service in order to encourage other carriers to use its network, Verizon also is subject to a host of additional safeguards and remedial measures that provide abundant protection against the possibility of anticompetitive conduct. For example, competing carriers still have recourse to the appropriate regulatory and judicial forums to enforce their legal or contractual rights. Likewise, the Commission itself retains the ability to enforce the requirements of section 271 with penalties, up to and including possible revocation of long distance authority under section 271(d)(6)(A). And it already has made clear that it will not hesitate to invoke that authority.

C. Verizon's Entry Will Increase Long Distance Competition.

It is by now unassailable that "BOC entry into the long distance market will benefit consumers and competition." Pennsylvania Order ¶ 125; accord Massachusetts Order ¶ 234. Indeed, consumer groups have documented these benefits, concluding that consumers in New

York who switched to Verizon long distance are saving up to $284 million annually[103] and that Verizon's entry in New York has enabled consumers in that state to obtain rate reductions of 20 percent for local and long distance services.[104] Another recent study, by MIT Professor Jerry Hausman, concludes that, in the first year after a BOC enters the long distance market, consumers in that state experience long distance savings of 10 to 20 percent.[105] Yet, while Verizon and other BOCs are offering customers lower rates, the long distance incumbents have raised their basic rates yet again. Consumers Action recently found that, "[s]ince last year, basic rates at AT&T and MCI-WorldCom increased during evening and weekends by up to 13 percent," and AT&T, WorldCom, and Sprint "have significantly increased charges, surcharges and fees in other areas."[106]

Verizon's entry will undoubtedly have the same pro-competitive effects in New Jersey that it has in other states because Verizon will offer the same attractive long distance plans, which are simpler and less expensive than most other carriers'.[107] Indeed, the same consumer

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[103] Telecommunications Research & Action Center (TRAC), <u>15 Months After 271 Relief: A Study of Telephone Competition in New York</u> at 1 (Apr. 25, 2001) (App. J, Tab 7).

[104] <u>See</u> Consumer Fed'n of Am. & Consumers Union, <u>Lessons from 1996 Telecommunications Act: Deregulation Before Meaningful Competition Spells Consumer Disaster</u> 9-10 (Feb. 2001).

[105] <u>See</u> Jerry A. Hausman, <u>Effect of BOC Entry into InterLATA and IntraLATA Service in New York and Texas</u>, <u>at</u> http://www.iacompetition.org/html/full_hausman.html.

[106] Consumer Action, <u>Long Distance Rates Survey 2001</u> (Fall 2001), <u>at</u> http://www.consumer-action.org/Library/English/Newsletter/NL-I-23_EN/NL-I-23_EN.html; <u>see also</u> Kalpana Srinivasan, <u>Long-distance Giant Boosts Rate for Millions of Customers</u>, Associated Press, June 2, 2001 ("Nearly half of AT&T's long-distance customers will see their bills go up next month, as the nation's biggest carrier raises its per-minute rates for basic plans. . . . 'Obviously we don't have a lot of competitive forces at work in the long-distance business to pressure AT&T.'") (quoting Gene Kimmelman of Consumers Union).

[107] Moreover, Verizon's real-world experience in New York puts to rest once and for all the claims that the long distance incumbents have rehashed for more than 15 years — based on nothing more than far-fetched theories and hyperbole — that Bell company entry into long distance would have adverse competitive effects. The Commission has already determined that

group that analyzed the effects of Verizon's entry in New York, has recently released a study estimating "that within one year of Verizon's entry into the long-distance market, more than 750,000 New Jersey customers will switch to Verizon's long-distance service," and will realize up to $167 million in "annual statewide savings due to increased competition in the long-distance telephone market."[108]

Verizon's calling plans have been particularly attractive for the low-volume customers that the long distance incumbents historically have tried to discard or ignore.[109] For example, not only does Verizon offer a number of plans with no monthly minimum and no calling plan fee, but it also automatically enrolls all of its customers in a calling plan (known as the Timeless plan) that has no minimum usage requirement or monthly plan fee if they fail to choose a plan. The Timeless plan is particularly attractive for low-volume users because it offers a flat, low rate of 10 cents per minute for interstate calls with no monthly calling plan fees or minimum usage fees. In contrast, the long distance incumbents require customers who do not enroll in a plan to pay relatively higher "basic" rates, or they put those customers in default plans with rates considerably higher than their most popular calling plans. And, even when the long distance incumbents do offer a flat-rate plan (i.e., with no monthly plan fee or minimum usage fee) that might otherwise be attractive to low-volume users, their rates typically are substantially higher than those offered by Verizon. For example, AT&T's cheapest flat-rate plan with no monthly

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such claims have no place in the review of a section 271 application. See New York Order ¶ 428; see also Texas Order ¶ 419.

[108] Telecommunications Research & Action Center (TRAC), Projecting Residential Savings in New Jersey's Telephone Market at 1 (Dec. 13, 2001) (App. J, Tab 21).

[109] See, e.g., Low-Volume Long-Distance Users, Notice of Inquiry, 15 FCC Rcd 6298 (1999).

fee is its "AT&T One Rate Basic," which, after a recent AT&T rate increase, now offers a flat-rate of 17.5 cents per minute — 75 percent more expensive than Verizon's Timeless plan.[110]

Both in anticipation of and in response to Verizon's entry into the long distance market, the incumbent long distance carriers have been forced to introduce special, lower-priced bundled services offerings to customers. For example, in New York, WorldCom rolled out a new "One Company Advantage" plan under which its customers receive unlimited local and long distance calls for 7 cents per minute, plus 200 free minutes of long distance calling.[111] In contrast, its flagship national plan charges nearly 14 cents per minute for in-state long distance.[112] Likewise, AT&T introduced its "AT&T Local One Rate New York" package, which includes reduced rates of 7 cents per minute for interstate calls and 10 cents per minute for in-state calls, and which drops the monthly fee associated with AT&T's most comparable national plan.[113]

In Massachusetts and Pennsylvania, AT&T responded to Verizon's entry by providing its customers in those states with 30 free minutes of long distance calling.[114] AT&T made consumers aware of this promotion through a special greeting that plays when the customer makes a long distance call.[115] Massachusetts and Pennsylvania were the only states in Verizon's

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[110] See Srinivasan, supra note 106.

[111] See WorldCom, Local Choice: New York, at http://www.mci.com/home_family/ products_services/local/ny/choice.shtml.

[112] See WorldCom, Local Toll and In-State Long Distance Calling for Your Home, at http://www.mci.com/home_family/products_services/local_toll/index.jsp.

[113] See AT&T, AT&T Local One Rate New York, at http://www.local.att.com/ LocalOneRate_M.jhtml.

[114] See AT&T Press Release, Bay State AT&T Long Distance Customers Get the Message: Thanks for Your Loyalty (May 14, 2001); see also AT&T Press Release, AT&T to Keystone State Long Distance Customers: Thanks for Your Loyalty (Aug. 14, 2001).

[115] See id. Moreover, AT&T extended its offer to Massachusetts despite having stated, just weeks earlier, that it had "no immediate plans to extend [the] program to other states." Comm. Daily, Mar. 8, 2001, at 9.

region in which AT&T has made this promotional offer available, which follows a similar promotion that AT&T made to its customers in Kansas and Oklahoma just two days before SBC was authorized to provide long distance service in those states.[116] AT&T has since made the same offer to its customers in Missouri and Arkansas shortly before the Commission authorized SBC to provide long distance in those states.[117]

As this experience makes clear, Verizon's entry not only has promoted additional local competition, but it also has produced substantial competitive benefits for long distance and bundled services packages. Consumers in New Jersey are now entitled to the same benefits.

[116] See AT&T Press Release, AT&T Long Distance Customers in Kansas Get the Message: Thanks for Your Loyalty (Mar. 5, 2001); see also AT&T Press Release, AT&T Long Distance Customers in Oklahoma Get the Message: Thanks for Your Loyalty (Mar. 5, 2001).

[117] See AT&T Press Release, AT&T to Missouri Customers: Show Me the Minutes (Oct. 22, 2001); see also AT&T Press Release, AT&T Long Distance Customers in Arkansas Get the Message: Thanks for Your Loyalty (Oct. 22, 2001).

CONCLUSION

Verizon's Application to provide interLATA service originating in New Jersey should be granted.

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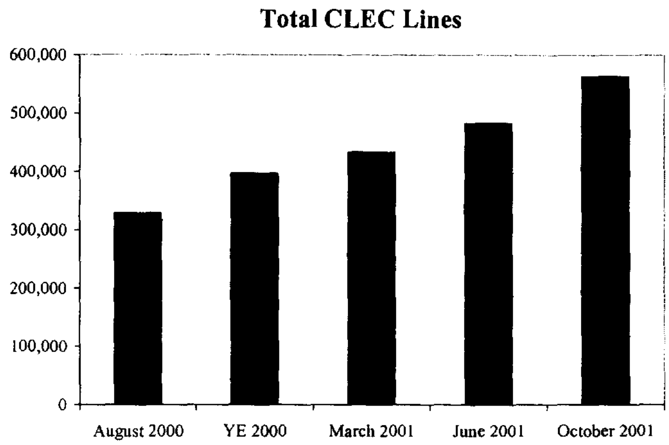
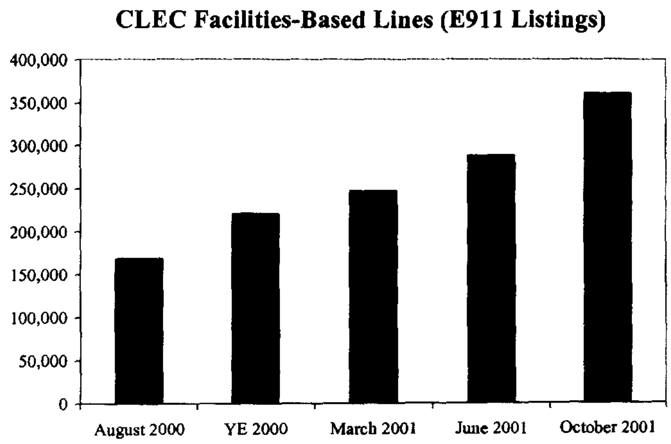
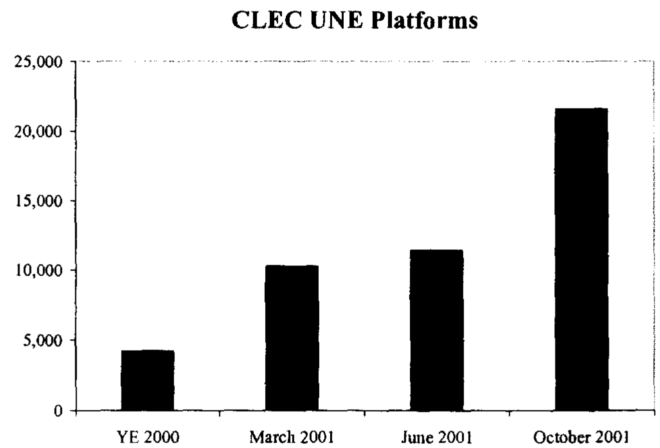
Exhibit 1. Verizon's Checklist Compliance Under the 1996 Act

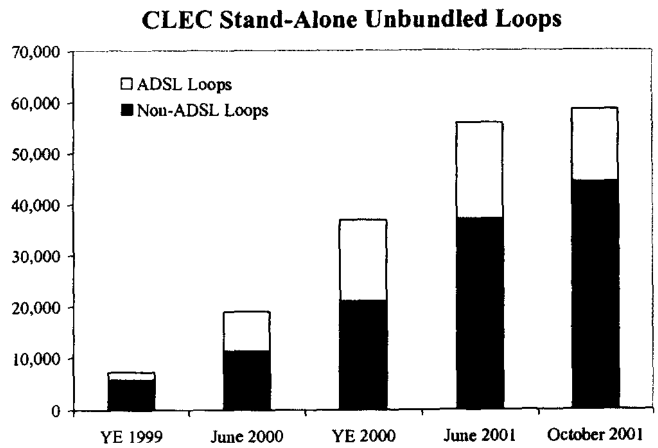
§ 271 Checklist		
1. Interconnection	⇨	Approximately 320,000 trunks Approximately 940 collocation arrangements in service Approximately 361,000 facilities-based CLEC lines
2. Unbundled Network Elements	⇨	Approximately 80,000 unbundled loops Approximately 22,000 unbundled switching ports
3. Poles, Ducts, Conduits, and Rights of Way	⇨	Approximately 1.8 million feet of conduit to 45 communications carriers and 10 other companies Approximately 1 million pole attachments (including poles and conduit provided to cable operators and other utilities in addition to CLECs) to 70 CLEC/OCCs and 115 other companies
4. Local Loops	⇨	Approximately 80,000 total loops, including approximately 58,000 stand-alone loops plus 22,000 loops provided as part of platforms
5. Transport	⇨	Approximately 430 unbundled dedicated local transport facilities Approximately 22,000 shared transport facilities 13 orders for dark fiber in 2001
6. Switching	⇨	Approximately 22,000 ports using unbundled local switching
7. 911/E911/DA/Operator Services	⇨	8 CLECs purchasing OS via approximately 1,400 dedicated trunks 9 CLECs purchasing DA via approximately 1,400 dedicated trunks 25 CLECs purchasing 911/E911 via more than 1,600 dedicated trunks
8. White Pages	⇨	Approximately 122,000 CLEC listings (including resale)
9. Numbering Administration	⇨	Approximately 13 million telephone numbers
10. Databases/Signaling	⇨	7 CLECs with access to signaling network 2 CLECs using Calling Name Database 3 CLECs/IXCs using Local Number Portability Database
11. Number Portability	⇨	Approximately 298,000 numbers ported via LNP
12. Dialing Parity	⇨	Local dialing parity available throughout New Jersey
13. Reciprocal Compensation	⇨	14 CLECs, 6 CMRS providers, 9 paging carriers
14. Resale	⇨	Approximately 182,000 resold lines, including approximately 56,000 residential lines and approximately 126,000 business lines

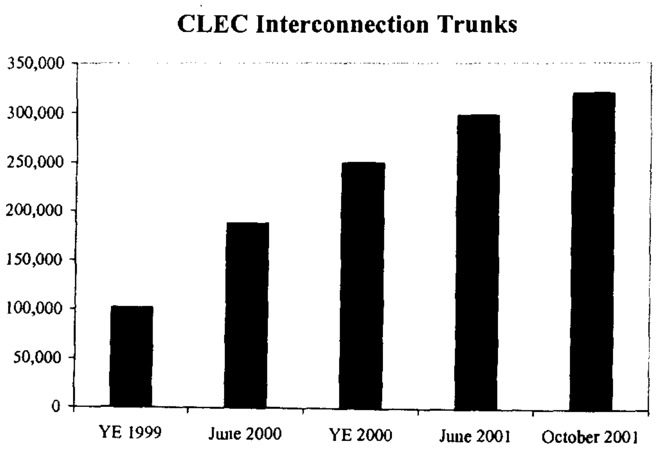
Exhibit 2. Local Competition in New Jersey











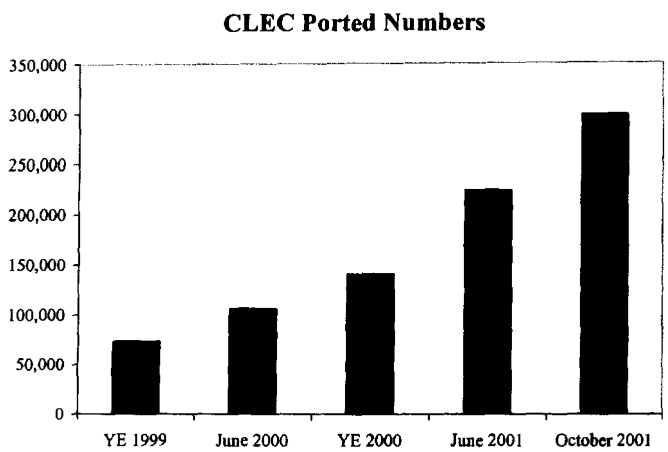
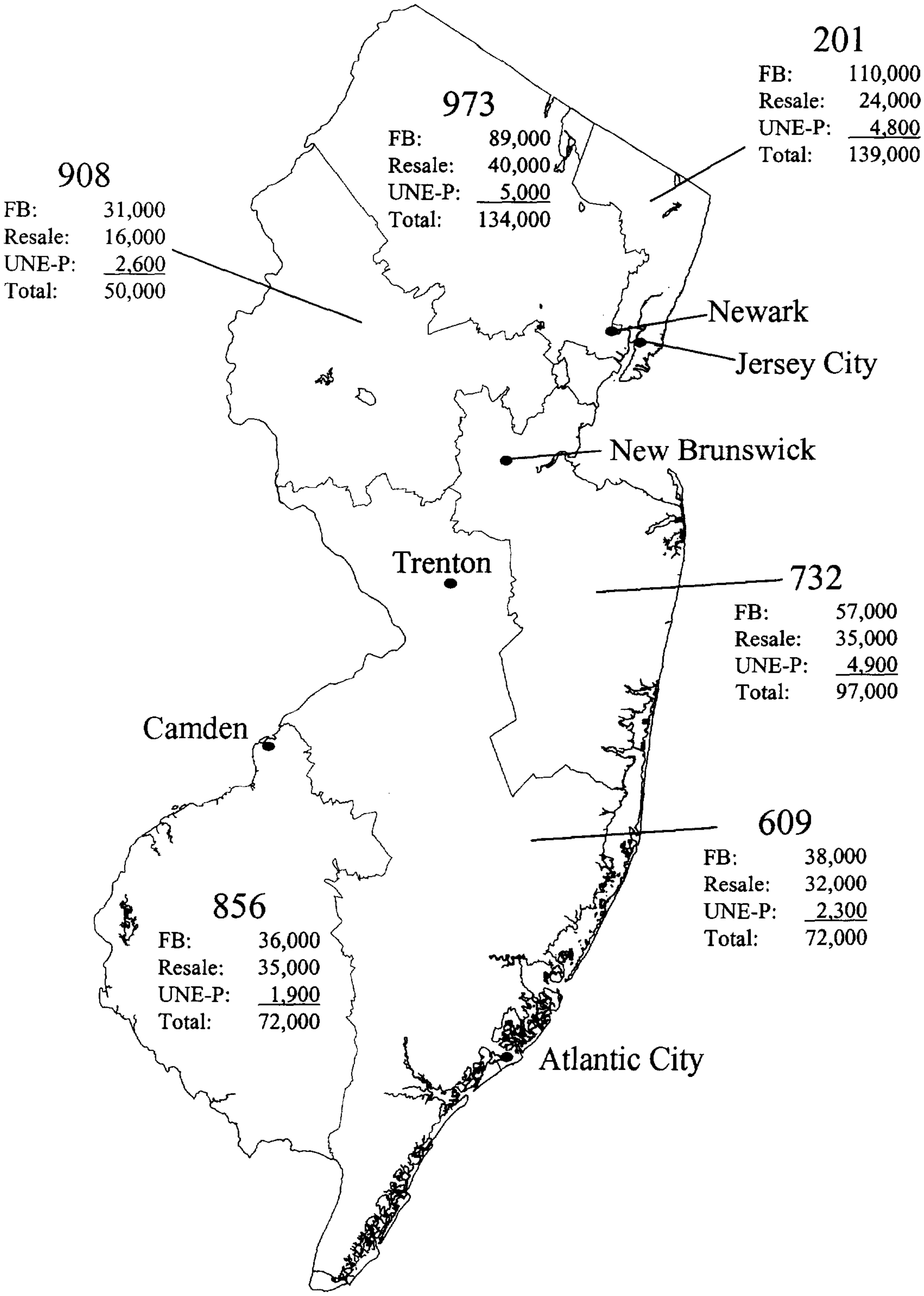


Exhibit 3. Total CLEC Lines by Area Code

(Facilities-Based, Resale, and Platforms*)

Total: 564,000



*Totals may not equal the sum of the parts due to rounding.

Exhibit 4. Of the 15 Most Populous States, New Jersey Has the Lowest Proportion of Its Inhabitants Living in Large Cities

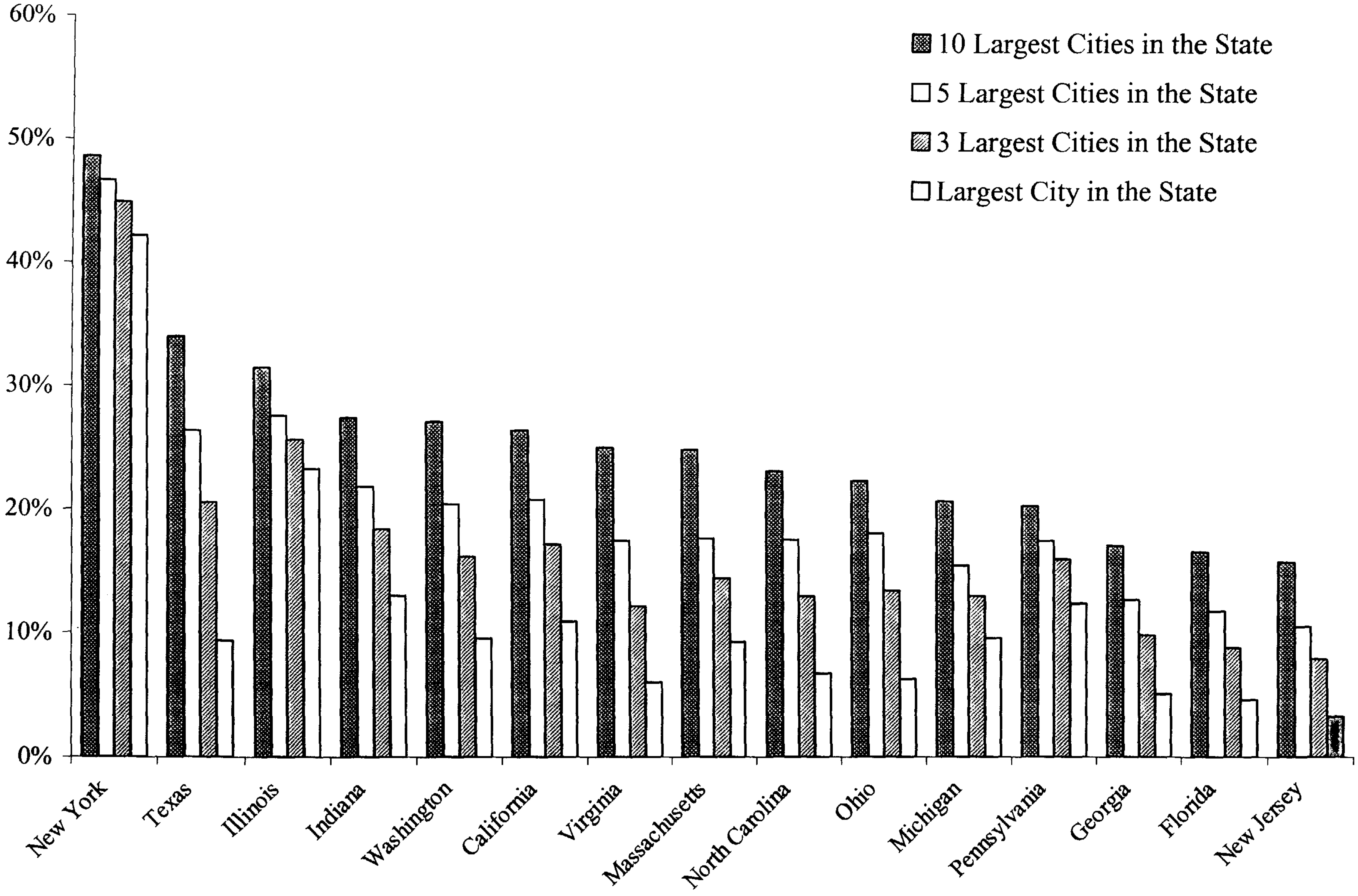
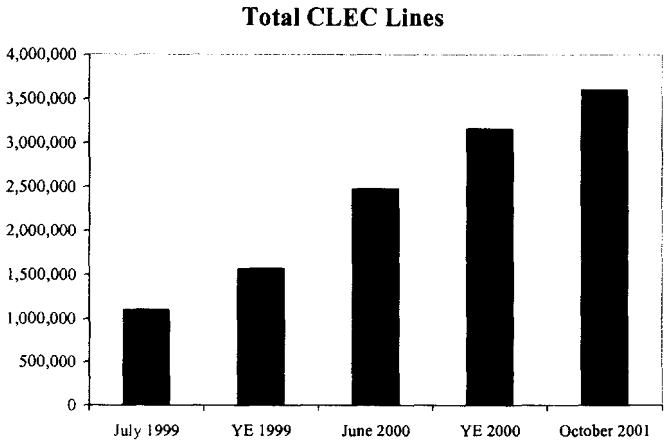
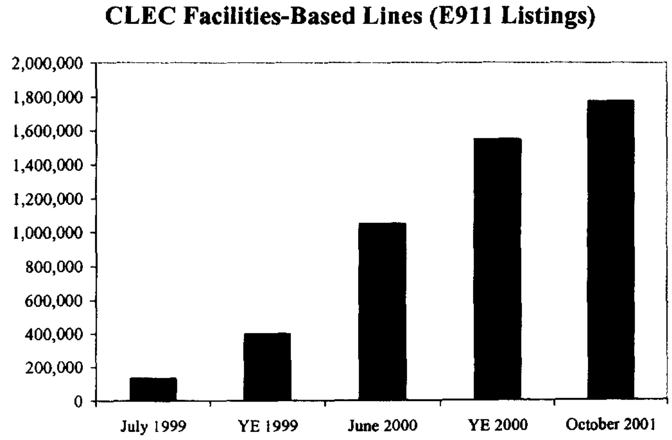
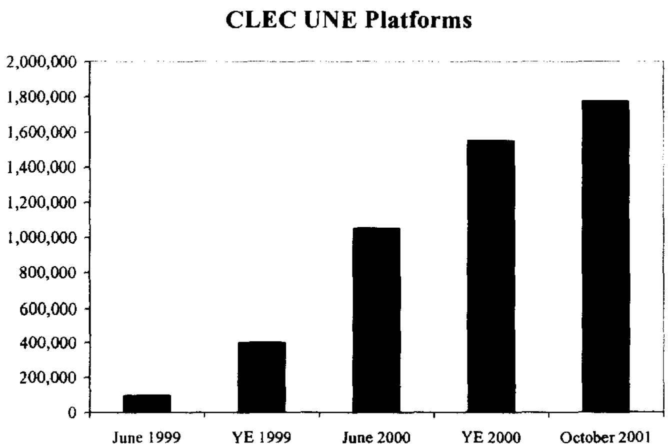


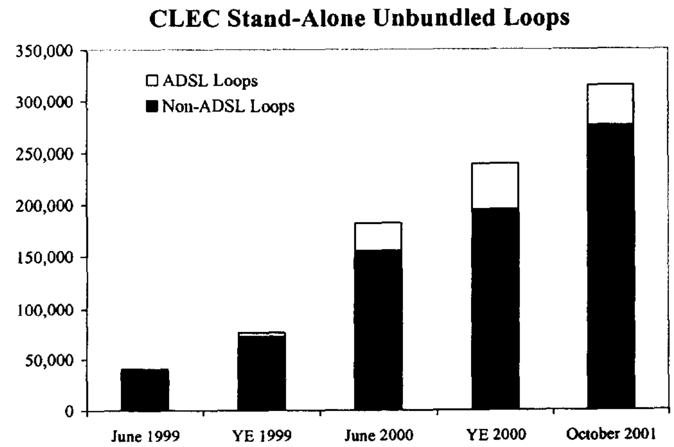
Exhibit 5. Growth of Local Competition in New York

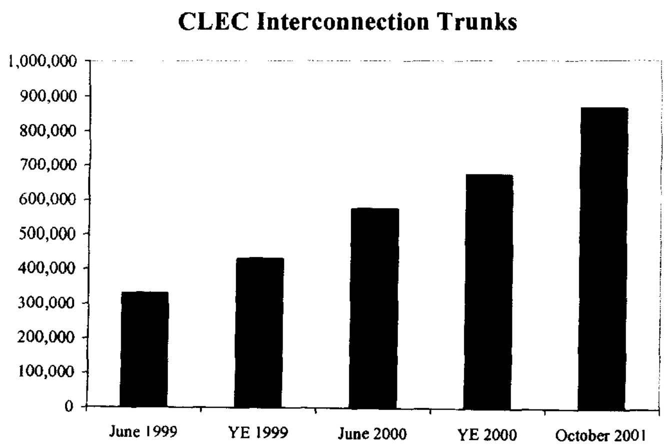
(§ 271 Authorization Granted December 1999)











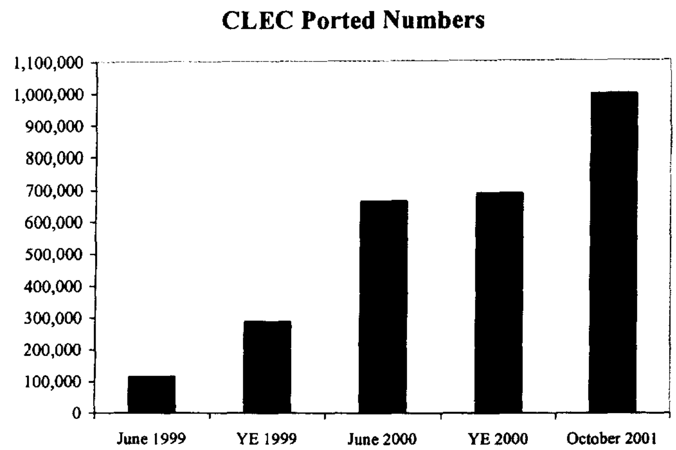
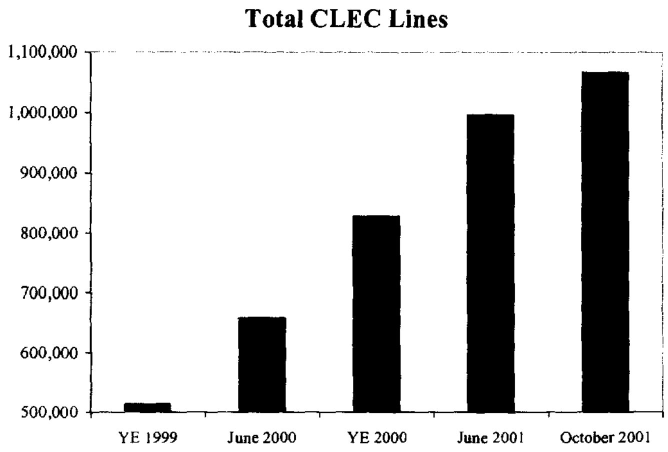
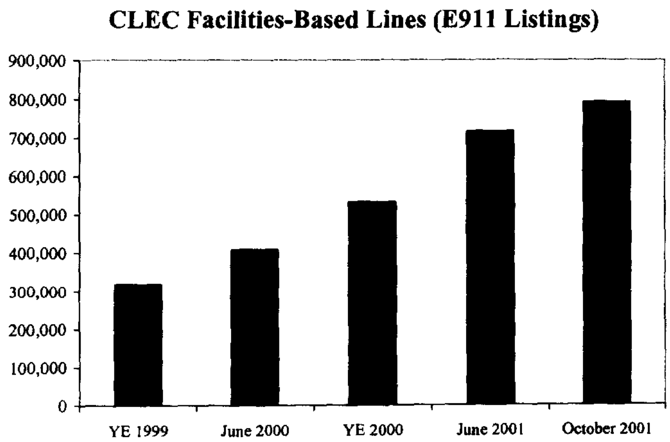
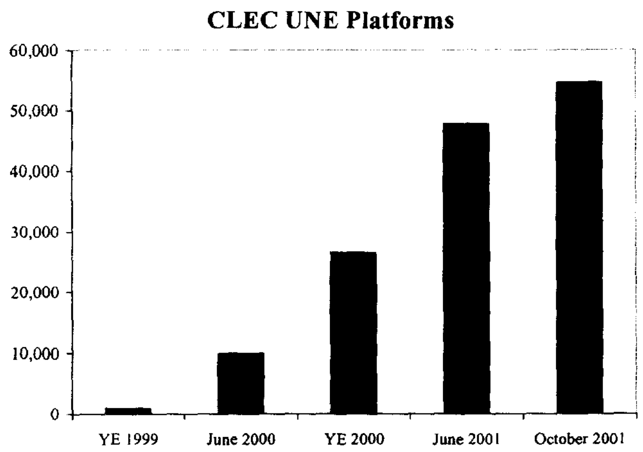


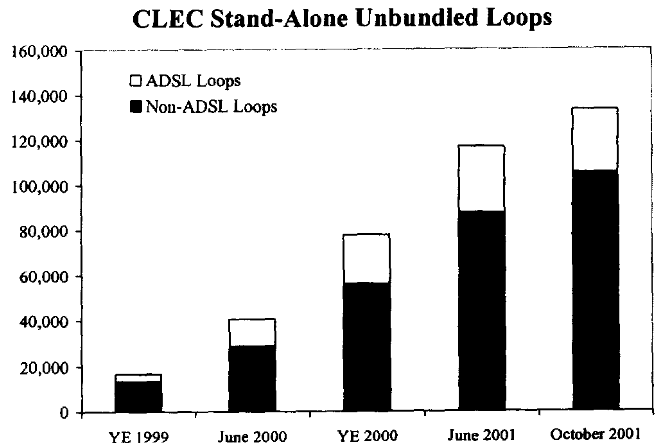
Exhibit 6. Growth of Local Competition in Massachusetts

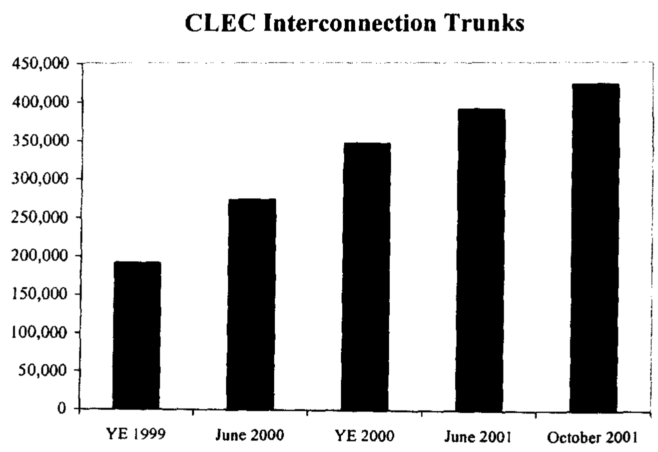
(§ 271 Authorization Granted April 2001)











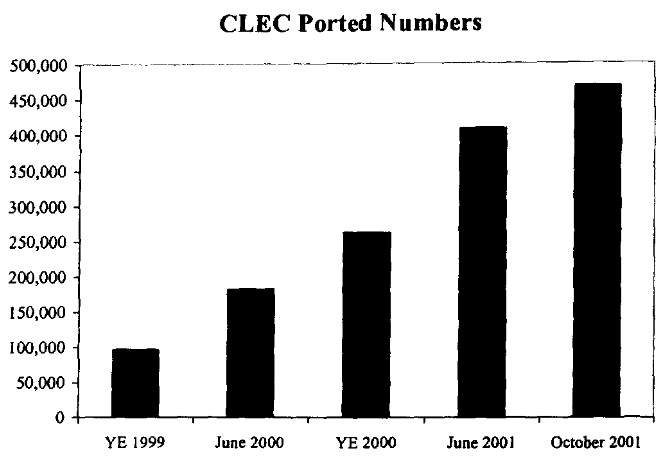


Exhibit 7. Growth of Local Competition in Pennsylvania

(§ 271 Authorization Granted September 2001)